

Message Text

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ACTION EA-12

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TAGS: MNUC, TECH, ENRG, PARM, AS

SUBJECT: Q'S AND A'S: US-AUSTRALIA INTERIM AGREEMENT ON NUCLEAR
SAFEGUARDS

FOLLOWING ARE QUESTIONS AND ANSWERS PREPARED BY DFA FOR
USE FOLLOWING ANNOUNCEMENT OF US-AUSTRALIA INTERIM AGREEMENT
ON NUCLEAR SAFEGUARDS.

Q. WHY IS IT AN INTERIM AGREEMENT? WHY NOT WAIT
FOR THE CONCLUSION OF THE PROPOSED NEW AUSTRALIA/UNITED
STATES NUCLEAR COOPERATION AGREEMENT?

A. THE 1956 AUSTRALIA/UNITED STATES NUCLEAR COOPERATION
AGREEMENT IS A COMPLEX DOCUMENT RELATING TO BOTH
COOPERATION AND SAFEGUARDS. IN ADDITION BOTH COUNTRIES
ARE CONCURRENTLY ENGAGED IN SAFEGUARDS NEGOTIATIONS WITH
SEVERAL THIRD PARTIES. FOR THIS REASON NEGOTIATION OF
THE NEW AGREEMENT WILL INEVITABLY TAKE A FEW MONTHS.

FROM AUSTRALIA'S POINT OF VIEW THERE IS ADVANTAGE
IN CONCLUDING THE INTERIM AGREEMENT AT THIS TIME BECAUSE
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OF ITS PREVISIONS DEALING WITH THE ADMINISTRATION OF
OVERLAPPING CONTROLS. CONCLUSION OF A SIMILAR INTERIM
AGREEMENT BETWEEN THE UNITED STATES AND CANADA IN NOVEMBER
LAST YEAR, OPENED THE WAY FOR CONCLUSION OF CANADA'S
SAFEGUARDS AGREEMENT WITH JAPAN A FEW MONTHS LATER. THE
FIRST ROUND OF FORMAL NEGOTIATIONS ON AUSTRALIA'S NUCLEAR
SAFEGUARDS AGREEMENT WITH JAPAN ARE DUE TO START IN

TOKYO ON AUGUST 14.

YOU WOULD HAVE TO ASK THUUNITXC STATES WHY THEY WERE WILLING TO CONCLUDE THE AGREEMENT. WE IMAGINE THEY WISHED TO ASSIST IN THE MATTER OF OVERLAPPING CONTROLS. ALL SUPPLIER COUNTRIES SHARE AN INTEREST IN REDUCING THE ADMINISTRATIVE BURDEN ON RECIPIENT COUNTRIES. IN ADDITION THE UNITED STATES IS REQUIRED BY ITS RECENT NUCLEAR NON-PROLIFERATION LEGISLATION TO RENEGOTIATE ALL ITS EXISTING NUCLEAR COOPERATION AGREEMENTS TO BRING THE SAFEGUARDS THEREIN UP TO THE STANDARDS REQUIRED BY THAT LEGISLATION. THE INTERIM AGREEMENT STARTS THIS PROCESS WITH AUSTRALIA.

Q. WHAT DOES THE UNITED STATES MEAN BY "AUSTRALIA'S LEADERSHIP ROLE IN THE FIELD OF PREVENTING NUCLEAR PROLIFERATION"?

A. AGAIN THIS QUESTION SHOULD REALLY BE ADDRESSED TO THE UNITED STATES AUTHORITIES SINCE THE SUGGESTION CAME FROM THEM. WE ASSUME HOWEVER THAT IT REPRESENTS ACKNOWLEDGEMENT BY THE UNITED STATES OF THE VERY ACTIVE AND CONSTRUCTIVE ROLE WHICH AUSTRALIA HAS PLAYED IN INTERNATIONAL FORUMS IN PROMOTING NUCLEAR NON-PROLIFERATION AND RELATED OBJECTIVES SUCH AS A COMPREHENSIVE TEST BAN TREATY.

WE BELIEVE IT ALSO REFERS TO THE GREAT IMPORTANCE LIMITED OFFICIAL USE

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WHICH THE UNITED STATES ATTACHES TO AUSTRALIA'S RESPONSIBLE POLICIES ON THE EXPORT OF URANIUM. THE UNITED STATES HAS MADE IT CLEAR THAT IT BELIEVES THAT IF AUSTRALIA WERE TO WITHHOLD ITS URANIUM SUPPLIES FROM WORLD MARKETS THIS WOULD ENCOURAGE DEFICIENT COUNTRIES TO HASTEN -- PERHAPS IN A PRECIPITOUS AND ILL-CONSIDERED MANNER -- INTO RE-PROCESSING AND PLUTONIUM-BASED TECHNOLOGIES FOR ELECTRIC POWER GENERATION. THE UNITED STATES ALSO SHARES THE AUSTRALIAN GOVERNMENT'S VIEWS ON THE IMPORTANCE FROM THE POINT OF VIEW OF NUCLEAR NON-PROLIFERATION THAT URANIUM WHICH GOES ON TO THE WORLD MARKET SHOULD BE SUBJECT TO SAFEGUARDS AND CONTROLS SUCH AS BOTH AUSTRALIA AND THE UNITED STATES REQUIRE.

Q. THE SAFEGUARDS MENTIONED IN THE INTERIM AGREEMENT DON'T MEET ALL THE POINTS CONTAINED IN THE MAY 24, 1977 STATEMENT. HAVE WE DECIDED TO SETTLE FOR LESSER SAFEGUARDS IN THE CASE OF THE UNITED STATES?

A. NO. THE INTERIM AGREEMENT MAKES CLEAR THAT NEGOTIATIONS ARE STARTING, TO REPLACE THE 1956 COOPERATION AGREEMENT WITH A NEW AGREEMENT WHICH MEETS THE SAFEGUARDS

REQUIREMENTS OF BOTH COUNTRIES. THAT AGREEMENT WILL OF COURSE HAVE TO FULLY MEET THE REQUIREMENTS OF THE MAY 24 STATEMENT. THERE CAN BE NO SHIPMENTS OF AUSTRALIAN URANIUM UNDER NEW CONTRACTS TO THE UNITED STATES UNTIL SUCH AN AGREEMENT IS IN FORCE. THE INTERIM AGREEMENT TAKES ACCOUNT OF THE FACT THAT SINCE THE 1956 COOPERATION AGREEMENT WAS CONCLUDED THE UNITED STATES HAS COMMITTED ITSELF TO AN AGREEMENT WITH THE INTERNATIONAL ATOMIC ENERGY AGENCY FOR THE APPLICATION OF IAEA SAFEGUARDS WITH THE UNITED STATES, WHILE AUSTRALIA HAS ACCEPTED IAEA NPT SAFEGUARDS; ALSO BOTH COUNTRIES HAVE COMMITTED THEMSELVES TO A NEW HIGH STANDARD OF PHYSICAL PROTECTION MEASURES.

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IT ALSO ADDS ON NEW SAFEGUARDS CONDITION TO THE 1956 AGREEMENT, NAMELY THAT URANIUM TRANSFERRED PURSUANT TO THE 1956 COOPERATION AGREEMENT SHALL NOT BE ENRICHED BEYOND 20 PERCENT, WITHOUT THE PRIOR APPROVAL OF THE SUPPLIER PARTY. THIS PROVISION WAS INCLUDED AT THE SUGGESTION OF THE UNITED STATES. IT WAS READILY AGREED BY AUSTRALIA SINCE IT IS ONE OF THE REQUIREMENTS OF MAY 24, 1977 POLICY STATEMENTS.

Q. WHY IS THERE NO REFERENCE TO REPROCESSING?

A. IT IS INTENDED TO COVER THE QUESTION OF CONSENT TO REPROCESSING IN THE RENEGOTIATED AGREEMENT. THE INTERIM AGREEMENT DOES NOT PURPORT TO GIVE EFFECT TO AUSTRALIA'S MAY 24, 1977 STATEMENT OF TO ALL THE REQUIRE-

MENTS OF THE UNITED STATES NUCLEAR NON-PROLIFERATION ACT.
THAT WILL BE DONE BY THE RENEGOTIATED AGREEMENT. IN
ANY CASE, IT IS NOT A PRACTICAL ISSUE SINCE THE QUESTION
OF REPROCESSING MATERIAL COVERED BY THE 1956 AGREEMENT
WILL NOT ARISE BEFORE THE RENOGOTIATION IS COMPLETED.

Q. IN WHAT CIRCUMSTANCES WOULD THE ARRANGEMENT ON
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OVERLAPPING CONTROLS APPLY? HOW WOULD IT WORK?

A. AN EXAMPLE OF THE CIRCUMSTANCES IN WHICH THIS
ARRANGEMENT COULD BE USED IS AS FOLLOWS:

IF AUSTRALIA WERE TO SUPPLY URANIUM TO FINLAND
UNDER OUR RECENTLY CONCLUDED SAFEGUARDS AGREEMENT, THIS
URANIUM MIGHT BE SENT IN THE FIRST INSTANCE TO THE UNITED
STATES FOR ENRIVHMENT AS PART OF THE PROCESS OF MAKING IT
INTO FUEL RIGHTS FOR USE BY FINALND IN FINNISH NUCLEAR
REACTORS. UNDER THESE CIRCUMSTANCES, IF FINALND WANTED
TO REPORCESS THE FUEL AFTER IT HAD BEEN USED IN THE
REACTOR, OR TO RE-EXPORT IT TO A THIRD COUNTRY, FINALND
WOULD BE BOUND BY THE TERMS OF ITS NUCLEAR SAFEGUARDS
AGREEMENT WITH AUSTRALIA TO OBTAIN OUR PRIOR CONSENT
THESE TRANSACTIONS. UNDER THE TERMS OF ITS NUCLEAR COOPER-
ATION AGREEMENT WITH THE UNITED STATES, IT WOULD ALSO BE
BOUND TO SEEK THE CONSENT OF THE UNITED STATES. IN
THESE CIRCUMSTANCES IT WOULD BE OPEN TO FINALND TO MAKE
USE OF THE ARRANGEMENT CONTAINED IN THE INTERIM AGREEMENT
BY MAKING ITS REQUEST FOR CONSENT TO THE UNITED STATES,
WHILE NOTIFYING TO THE UNITED STATES THAT AUSTRALIA HAD
A SIMILAR RIGHT OVER THE MATERIAL CONCERNED. THE UNITED
STATES WOULD THEN BE BOUND NOT TO GIVE ITS OWN CONSENT
UNTIL AND UNLESS IT HAD OBTAINED OUR CONFIRMATION THAT WE
WERE ALSO WILLING TO GIVE OUR CONSENT TO THE PROPOSED TRANS-
ACTION.

IF FOR ANY REASON FINALND FAILED TO NOTIFY THE
UNITED STATES THAT AUSTRALIA HAD RIGHTS OVER THE SAME
QUANTITY OF MATERIAL, THE UNITED STATES WOULD CONSULT
US BEFORE GIVING ITS APPROVAL. WE COULD THEN TAKE ACTION
TO REMEDY THE SITUATION, IF NEEDE. WE EXPECT THAT THE
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UNITED STATES WOULD KNOW FROM ITS OWN RECORDS THAT THE
MATERIAL WAS OF AUSTRALIAN ORIGIN AND THEREFORE THAT

AUSTRALIA HAD DISCRETIONARY RIGHTS OVER THE MATERIAL IN QUESTION.

Q. DOES THIS INVOLVE WATERING DOWN OF AUSTRALIAN CONTROL?

A. NO. IT DOES NOT AFFECT THE TREATY OBLIGATIONS TOWARDS US OF COUNTRIES WHICH HAVE NUCLEAR SAFEGUARDS AGREEMENTS WITH US. IT MERELY PROVIDES A MEANS OF ADMINISTRATION OF OUR DISCRETIONARY RIGHTS.

Q. WHAT IS THE VALUE OF SUCH AN ARRANGEMENT TO THE IMPORTING COUNTRY?

A. THIS QUESTION SHOULD BE ADDRESSED TO THEM. WE UNDERSTAND, HOWEVER, THAT THEY ATTACH IMPORTANCE TO THE SIMPLIFICATION OF THEIR ADMINISTRATIVE PROCEDURES WHICH IT PERMITS. TO DATE, JAPAN HAS BEEN THE COUNTRY THE MOST CONCERNED TO SEE SUCH ARRANGEMENTS INSTITUTED. BUT IT WOULD ALSO BE OPEN TO OTHER COUNTRIES TO MAKE USE OF THIS ADMINISTRATIVE FACILITY SHOULD THEY WISH TO DO SO. NATURALLY, COUNTRIES WHICH PREFER TO ADDRESS DIRECTLY TO AUSTRALIA REQUESTS FOR OUR AGREEMENT IN THE EXERCISE OF THE DISCRETIONARY CLAUSES OF OUR SAFEGUARDS AGREEMENTS WILL BE FREE TO DO SO.
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